



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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December 19, 1995

Scott D. Burton
Treasury Department
Kennecott Corporation
10 East South Temple
P. O. Box 11248
Salt Lake City, Utah 84147

Re: Approvals for Letters of Credit, Kennecott Utah Copper, 4th Line/Copperton Concentrator, M/035/011 and North Perimeter Tailings Expansion, M/035/015, Salt Lake County, Utah

Dear Mr. Burton:

We are in receipt of your letter dated December 18, 1995, requesting approval to replace the current First Security Bank Letter of Credit (LOC) for the 4th Line/Copperton Concentrator with a LOC from J.P. Morgan. After checking with our legal staff, I have been advised that this would be acceptable and should not require a formal Board action, provided the actual amount and form of reclamation surety remain unchanged. As I stated to you over the phone, we will probably also need to revise those pages of the Reclamation Contract form to reflect these minor changes. We can provide you with the appropriate replacement pages upon request.

Because a Letter of Credit is normally an acceptable form of reclamation surety, we have no reason to believe that the Board of Oil, Gas and Mining would reject an LOC, should Kennecott present it as their preferred form of surety for the North Perimeter Tailings Expansion. The language in the LOC for the Tailings Expansion would obviously have to be the same as required in the Division's standard LOC form.

For your convenience, I have enclosed a copy of the Division's standard LOC form for your reference. If we can be of any further assistance, please contact me.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosure: LOC
cc: Tom Mitchell, AAG
KUC.loc

